

ASX / Media Release

25 March 2020

Ingenia trading and guidance update

Ingenia Communities Group (ASX: INA) provides the following update to the Group's trading activity and FY20 guidance, in light of the uncertain environment and potential extended duration of the COVID-19 pandemic.

The safety and wellbeing of our staff, residents and guests remains our highest priority and to date we have no recorded cases of COVID-19 within our communities or offices. All communities remain open, with extensive protocols in place, including closing or restricting access to community facilities.

Ingenia has a very strong balance sheet, considerable liquidity and a sizeable underlying base of stable rental revenues, largely underpinned by Commonwealth Government pension payments and rent assistance which continues to provide the Group with consistent, highly predictable rental cash flows.

Key points

- Cash and committed undrawn bank facilities available exceeding \$200 million
- LVR at 24 March of 27.7% compared to covenant of 50%
- 205 new home settlements (corresponding period FY19: 176 homes) with a further 101 homes under contract and 155 deposited or reserved
- Ingenia Gardens presently trading at near record occupancy, at 92%.

New home settlements have been moderately impacted by recent events with some prospective residents seeking extra time to sell their home which will likely see some settlements transfer from Q4 FY20 into Q1-2 FY21. Cancellations have been limited to date and inspections are continuing and are now online. Based upon a record month for open home inspections and deposits in February Ingenia was on track for increased settlements on FY19, until the rapid and unprecedented escalation of COVID-19.

Ingenia Holidays has experienced the most impact, given increased travel restrictions. Easter bookings, which were 15% ahead of prior year at the February result, have reduced as guests reconsider travel plans. To date, the majority of cancellations have requested a credit rather than a refund which will support future occupancy once travel restrictions are relaxed. The business remains focussed on domestic rather than overseas travellers and following the April holidays enters a non-peak trading period, however the potential for future government action on restrictions makes the short-term outlook for the Holidays business uncertain.

Financial position

The Group's balance sheet is well positioned. Ingenia has significant headroom in relation to its banking covenants and over \$200 million of cash on hand and undrawn committed debt. The Group's Total and Core Interest Cover Ratios at 31 December were 7.6x and 3.6x respectively (versus a covenant of 2.0x). Based on current forecasts for business operations and home settlements, Ingenia will comfortably meet this covenant at 30 June 2020.

The Group's Loan to Value Ratio is currently 27.7% (versus covenant of 50%). The Group's next debt maturity is not until February 2022. A \$100 million, 7-year debt facility which was finalised in February 2020 has enhanced Ingenia's funding capacity with additional longer dated debt.

Guidance

Given uncertainty around restrictions which impact the Group's operating conditions and the duration of this crisis, Ingenia is withdrawing the Group's FY20 guidance.

CEO of Ingenia, Simon Owen said: "We are in strong financial position to manage our way through this crisis. This includes spending the past eight years building a secure, recurring revenue model that delivers a stable rental base from over 5,800 income producing sites across the portfolio. As the COVID-19 situation continues to evolve, this steady income flow will help underpin the business during this difficult period. Whilst our Holidays business will see a downturn, over time we are also likely to experience a pivot towards domestic tourism, particularly drive holidays, which will be beneficial to our holiday parks, and we have a very low exposure to international tourism.

"The extent of the impact on our development business depends on a number of factors, including the nature of any slow-down in the residential housing market, which we are watching closely. However, our key demand drivers are still firmly in place, which is an ageing population looking for high quality affordable housing."

Authorised for lodgement by the Board.

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Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).